The Anatomy of a Film Tax Credit:

The Irish Experience

James Hickey - September 28, 2025

Still: The Lobster, 2015

FILM FUNDING IN IRELAND

Selective Funding

(a) Screen Ireland (*formerly The Irish Film Board*)

- Funding for 2025: **€41m**. (€35m investment)
- Funding for development inc. slate development and production, inc. nationwide/regional uplift
- Feature films, TV drama, animation, docs and games, cinema distribution and skills and industry development

(b) Sound and Vision Fund ("S&V") (*to become a Media Fund*)

- Funding for 2025: **€25m.**
- 7% of TV Licence Fee (€14m) plus top up from Government
- Production of television programmes, including factual, entertainment, TV drama and animation

(c) Western Regional Audiovisual Production Fund ("WRAP")

- Total Funding in 2024 **€500K**.
- Films and TV dramas shooting west of the Shannon River

FILM FUNDING IN IRELAND

Automatic Funding - Tax Credits

(a) Section 481: Feature films, TV drama, animation and creative documentaries

- **32%** of eligible spend, up to a maximum of **80%** of budget,
  up to a maximum eligible spend of €125m per project, with no annual limit
- **New** introduced in **2025** and similar to the UK: **8%** uplift to **40%**
  for **feature films** with budgets up to **€20m** and **with Irish/EU creative talent** attached

(b) Section 481A: Computer games tax credit introduced 2022

- 32% of eligible spend up to a maximum of 80% of budget and €25m per project with no annual limit

(c) Section 487A: Unscripted tax credit introduced in 2025

- **20%** of eligible spend up to a maximum of **80%** of budget and **€15m** per project with no annual limit

FILM FUNDING IN IRELAND

EU AVMS Directive & Public Service Media

EU AVMS Directive:

- No AVMSD inspired investment obligations and/or levies as yet in Ireland.
- The Online Safety and Media Regulation Act 2022: Media Regulator to introduce levy, (not investment obligation).
- Minister for Culture and Media: "Any such levy will need my approval“

Public Service Media:

- RTE (English language) and TG4 (Irish language)
- No funds for feature films. TV Drama (excluding "soaps") Irish PSM spend €10m P.A.
- Irish TV drama in English significantly funded from non-Irish sources

FILM FUNDING IN IRELAND

History Section 481 - Started out as an Investment Incentive (1987)

- **Section 35 of Finance Act 1987: Tax incentive for Irish companies to invest in films.**

  - Irish corporation tax then 40% for non manufacturing companies. Limited success.

- **In 1993, Section 35 tax incentive extended to individuals.**

  - Top income tax rate 41%. Maximum investment per individual 25K.
  - Investors were syndicated and returns placed on deposit with banks.
  - Paid over when the film was delivered and accepted by a distributor or broadcaster.
  - Huge success. (See "Braveheart").

- **Consolidated into Section 481 of the Taxes Consolidation Act 1997.**

  - Ireland belatedly joined the European Convention on Cinematographic Coproduction in 2001.
  - Facilitated feature film co production particularly with the UK.
  - Also growth of TV drama under Irish/Canadian Co Production Treaty (1989) in the 2000s.

History Section 481 - Changed to a Tax Credit (2015)

(i) **"The Twenty One Month Rule":**

Producer Company Must be Tax Resident in Ireland.

(ii) **"The Broadcaster Exclusion Rule":**

Producer Company Must Not be Owned by A Broadcaster or Streamer.

(iii) **"The Upfront Payment":**

Producer Company Can Claim **90%** of 32% of Estimated Eligible Expenditure **Upfront.**

FILM FUNDING IN IRELAND

Reasons for the Change to a Tax Credit”

- **"Leakage": cost of tax incentive to Exchequer: 41%.**

  - Amount going towards production costs approx 30%. Investor return and fees deducted.

- **UK tax credit introduced in 2007.**

  - Tax credit paid out after costs incurred and audit delivered.

  - Also leakage of borrowing costs and fees to pay for production costs.

- **Solution: The Upfront Payment.**

Cost of the Section 481 Tax Credit

- Section 481 **eligible expenditure** in Ireland in **2024** approximately **€450m.**
- **Cost** to the Irish Fiscal Authorities of approximately **€120m.**
- **Most** of the eligible expenditure (75% to 90%) on **inward** "serviced" production driven by larger USA originated projects > see the TV Series "Wednesday" Season 2 based on "The Addams Family”.

Application Process Section 481

- **Applications** are made to the **Department of Culture and Media.**

- **Department** issues a **Cultural Certificate**
  (i) Cultural Test: Nine broad criteria, **three** to be achieved
  (ii) Most films, TV drama and animation qualify (e.g. "Star Wars“)
  (iii) Cultural Test also includes industry development test
  (iv) Skills development plans must be approved by Screen Ireland.

- **Applicant** then applies to **Revenue (Fiscal Authority) -** Self Assessment.

- **Revenue** Issues **Payment.**

The Positives About Section 481

(a) **It is clear what can be claimed and predictable in being paid out.**

(b) **There is no annual cap.** Cap per project: Max eligible expenditure now €125m.

(c) **A local independent producer needs to be involved.**
Unlike the UK, where a Hollywood Studio forms and owns the local production company and employs a production manager on the ground.

(d) **The involvement of the local independent producer happens for a number of reasons:**
(i) The Twenty One Month Rule.
(ii) The Broadcaster Exclusion Rule.
(iii) The Upfront Payment (Personal liability of directors of the producer company for any tax errors).

FILM FUNDING IN IRELAND

Economic Impact of Section 481

(i) Olsberg/SPI 2023 Cultural Dividend Report: Additionality of Section 481:

- **82%** of eligible spend would not have happened in Ireland without Section 481
- (89% for inward production).

(ii) PWC Report Spring 2021:

- For every **€1.00** spent on Section 481, the total economic contribution was **€3.80**.
- **17,000** full time equivalent jobs.

(iii) Olsberg/SPI 2018:

- For every **€1.00** spent by Exchequer on Section 481, **€1.02** paid back in taxes to Exchequer.

Conclusion: Impact on AV Sector

Section 481 is:

(i) Predictable

(ii) Uncapped

(iii) Upfront (like Belgian Tax Shelter)

(iv) The value added to the Irish economy: A multiple of cost to government.

(v) Indigenous production in Ireland needs two things:

1. an AVMSD Levy
2. increasing PSM funding


Thank you!
Still: The Wolf, the Fox and the Leopard, 2025